

5. THE PRESIDENT'S 2000 BUDGET

The President's 2000 budget promises the third balanced budget of this Administration. With it, the Nation's fiscal house is in order and we are prepared to meet the challenges of the next century. It continues on the path the President has followed for the past six years of maintaining fiscal discipline and investing wisely in our Nation's priorities.

It invests in education and training so Americans can make the most of this economy's opportunities. It invests in health and the environment to improve our quality of life. It invests in our security at home and abroad, strengthens law enforcement and provides our Armed Forces with the resources they need to safeguard our national interests in the next century.

The President's budget makes these investments while maintaining the fiscal discipline that allowed the Federal Government to record its first surplus in a generation last year. The budget forecasts that the Government will produce a surplus again this year, and will continue to do so for decades to come. Our success in eliminating the budget deficit proves that we are capable of fulfilling great responsibilities, and there is now every reason for us to rise to the next challenge. The President believes it is now time to work together to save Social Security.

Investing in the Future

In his State of the Union address, the President proposed a framework for a comprehensive, bipartisan solution to the long-term financing problems of Social Security. The President's plan proposes using 62 percent of the unified budget surplus of the next 15 years to strengthen Social Security. It would tap the power of financial markets by investing roughly one-fifth of the surplus dedicated to Social Security in private financial instruments, including corporate equities. This proposal would substantially improve the program's fiscal position, strengthening it until the middle of the next century. Then, in a bipartisan effort envisioned by the national dialogue of the last year, the President is urging Congress to join him to make the difficult but achievable choices to save Social Security until 2075.

Once Social Security is on sound financial footing, the President proposes saving and improving Medicare, the Federal program that finances health care for millions of seniors and disabled Americans. The President's framework will reserve 15 percent of the projected budget surplus of the next 15 years for Medicare, ensuring that its trust fund is secure for 20 years.

The President is also committed to helping all Americans save and invest so that they will have additional sources of income in retirement. Dedication just over 10 percent of the surplus of the next 15 years to Universal Savings Accounts will help Americans save for the future by allowing them to invest as they choose and receive matching contributions.

And looking ahead to the Nation's other vital needs that will arise in the future, the President's framework will reserve 11 percent of the projected surplus for military readiness, education, and other critical domestic priorities.

The President's budget builds on efforts to invest in the skills of the American people. It continues his policy of helping working families with their basic needs—raising their children, sending them to college, and expanding access to health care. It also invests in education and training, the environment, science and technology, law enforcement, and other priorities to help raise the standard of living and quality of life of Americans.

In this budget, the President is proposing major initiatives that will continue his investments in high-priority areas—from helping working families with their child care expenses to allowing Americans from 55 to 65 to buy into Medicare; from helping States and school districts recruit and prepare thousands more teachers and build thousands more classrooms to making every effort to fight tobacco and its use among young people.

For six years, the President has sought to help working families balance the demands of work and family. In this budget he proposes a major effort to make child care more affordable, accessible and safe, by expanding tax credits for middle-income families and for businesses to expand their child care resources, assisting parents who want to attend college meet their child care needs, and increasing funds with which the Child Care and Development Block Grant can help more poor and near poor children. The budget proposes an Early Learning Fund, which would provide grants to communities for activities that improve early childhood education and the quality of childcare for those under age five.

The President has worked hard to expand health care coverage and improve the Nation's health. The budget gives new insurance options to hundreds of thousands of Americans aged 55 to 65 and it advocates bipartisan national

legislation that would reduce tobacco use among the young. The President's budget proposes initiatives to help patients, families, and care givers cope with the burdens of long-term care; and it helps reduce barriers to employment for individuals with disabilities. The budget also enables more Medicare beneficiaries to receive promising cancer treatments by participating more easily in clinical trials. And it improves the fiscal soundness of Medicare and Medicaid through new management proposals, including programs to combat waste, fraud, and abuse.

The President's efforts have also enhanced access to, and the quality of, education and training. The budget takes the next steps by continuing to help States and school districts reduce class size by recruiting and preparing thousands more teachers and building thousands more new classrooms. The President's budget proposes improving school accountability by funding monetary awards to the highest performing schools that serve low-income students, providing resources to States to help them identify and change the least successful schools, and ending social promotion by funding additional education hours through programs like the 21st Century Community Learning Centers. The budget also proposes further increases in the maximum Pell Grant to help low-income undergraduates complete their college education and more funding for universal reemployment services to help train or find jobs for all dislocated workers who need help.

The budget proposes a historic inter-agency Lands Legacy initiative to both preserve the Nation's Great Places, and advance preservation of open spaces in every community. This initiative will give State and local governments the tools for orderly growth while protecting and enhancing green spaces, clean water, wildlife habitat and outdoor recreation. The Administration also proposes a Livability Initiative with a new financing mechanism, Better America Bonds, to create more open spaces in urban and suburban areas, improve water quality, and clean up abandoned industrial sites. In addition, the budget would restore and rehabilitate national parks, forests, and public lands and facilities; expand efforts to restore and protect the water quality of rivers and lakes; and better protect endangered species.

The President has worked to bring peace to troubled parts of the world, and has played a leadership role in Northern Ireland, Bosnia, and most recently in the Wye River Memorandum on the Middle East. The budget reinforces America's commitment to peace in the Middle East by providing for an economic and military assistance package arising from the Wye River Memorandum. The work of diplomacy, advancing peace and United States interests, has inherent dangers, as the death toll from the terrorist attacks on two U.S. Embassies in Africa last year reminds us. The budget proposes

increased funding to ensure the continued protection of American embassies, consulates and other facilities, and the valuable employees who work there. It supports significant increases in funding for State Department programs to address the threats posed by weapons of mass destruction. The budget also increases programs that support U.S. manufacturing exports and continues our long standing policy of opening foreign markets.

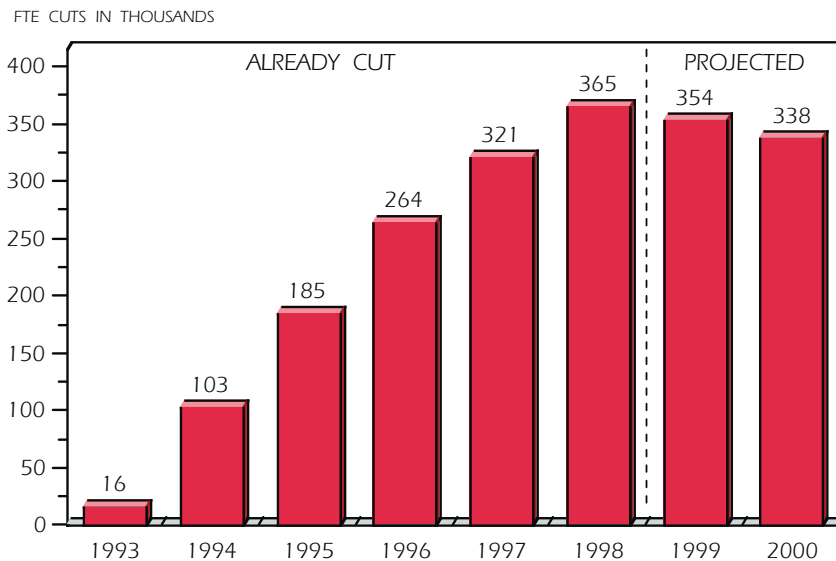
The mission of our Armed Forces has changed in this post-Cold War era, and in many ways it is more complex. Today, the U.S. military must guard against major threats to the Nation's security, including regional dangers like cross-border aggression, the proliferation of the technology of weapons of mass destruction, transnational dangers like the spread of drugs and terrorism, and direct attacks on the U.S. homeland from intercontinental ballistic missiles or other weapons of mass destruction. The U.S. Armed Forces are well prepared to meet this mission. Military readiness—the ability to engage where and when necessary—is razor sharp, and this budget provides resources to make sure that it stays that way for years to come. The budget provides a long term, sustained increase in defense spending to enhance the military's ability to respond to crises, build for the future through programs for weapons modernization, and take care of military personnel and their families by enhancing the quality of life, thereby increasing retention and recruitment.

Improving Performance Through Better Management

A key element in the Administration's ability to making these investments, while balancing the budget, is the reinvention of Government—doing more with less. Efforts led by Vice President Gore's National Partnership for Reinvention have streamlined Government, reduced its work force, and focused on performance to improve operations and delivery of service. And these efforts, by reducing the cost of Government operations, have improved the bottom line and contributed to our strong economy.

Since 1993, the Administration, working with the Congress, has eliminated and reduced hundreds of unnecessary programs and projects. The size of Government, that is, the actual total of Government spending, has equaled a smaller share of GDP than in any year of the previous two Administrations, and in 2000 will drop to 19.4 percent of GDP, its lowest level since the early 1970s. Finally, the Administration has cut the size of the Federal civilian work force by 365,000, creating the smallest work force in 36 years and, as a share of total civilian employment, the smallest since 1933 (see Chart 5–1).

Chart 5-1. Cuts in Civilian Employment



Note: In 1993, the President pledged to cut the Federal work force by 252,000 full-time equivalent (FTE) positions. Simply put, one full-time employee counts as one FTE, and two employees who work half-time also count as one FTE.

The Administration, however, is working to create not just a smaller Government, but a better one, a Government that best provides services and benefits to its ultimate customers—the American people. It has not just cut the Federal work force, it has streamlined layers of bureaucracy. It has not just reorganized headquarters and field offices, it has ensured that those closest to the customers can best serve them.

For 2000, the Administration once again is turning its efforts to the next stage of “reinventing” the Federal Government. It plans to dramatically overhaul 32 Federal agencies to improve performance in key services, such as expediting student loan processing and speeding aid to disaster victims. It also plans to continue tackling critical challenges, such as ensuring that Government computers can process the year 2000 date change and making more Government services available electronically.

Under the 1993 Government Performance and Results Act, Cabinet departments and agencies have prepared individual performance plans that they will send to Congress with the performance goals they plan to meet in 2000. These plans provided the basis for the second Government-wide

Performance Plan which is contained in this budget. In 2000, for the first time, agencies will submit to the President and the Congress annual reports for 1999 that compare actual and target performance levels and explain any difference between them.